

## Old Age, Disability, Death

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First law: 1889.

Current law: 1999.

Type of program: Social insurance system.

**Exchange rate:** U.S.\$1.00 equals 1.69 marks (DM).

One euro equals 1.96 marks.

*Note:* Following the unification of the Federal Republic of Germany (FRG) and the German Democratic Republic (GDR), on October 3, 1990, the social security system of the FRG remained in force while the system of the GDR continued to apply on an interim basis within the former GDR territory. The FRG and GDR systems were merged effective January 1, 1992, at which time Part VI of the Social Act came into force throughout the entire Federal territory. In the summary that follows, particular provisions which on January 1, 1999 remain in place in the new Federal states, are preceded by the designation "E-".

### Coverage

Employed persons (including apprentices), certain self-employed, persons caring for a child under age 3, recipients of social benefits (such as unemployment benefits), and voluntary care workers.

Special systems for self-employed persons, miners, public employees (supplementary insurance), and farmers.

Voluntary affiliation for all others age 16 or older currently exempt from compulsory insurance, including German citizens residing abroad and resident aliens.

### Source of Funds

**Insured person:** 9.75% of earnings; none if earnings below DM 630 a month; self-employed, 19.5%.

**Employer:** 9.75% of payroll.

**Government:** Subsidy to compensate for cost of benefits not covered by contributions.

Maximum earnings for contribution purposes: DM 102,000 a year (E-DM 86,400); minimum, DM 630 a month.

### Qualifying Conditions

**Old-age pension:** Age 63 with 35 years of coverage; age 65 with 5 years; age 60 with 15 years of coverage and unemployed 1 year in the last 18 months or in part-time work for older employees in the last 24 months; for women if they have 10 years of compulsory coverage after age 40; and for severely disabled individuals at least age 60 who have a minimum of 35 years of coverage. Partial retirement available for pensioners under 65 with partial cessation of employment; if remaining earnings less than DM 630 a month, full pension paid; if earnings above this part pension paid at 2/3, 1/2 or 1/3 depending on earnings level.

**Disability pension:** General disability, incapacity for any gainful activity. Occupational disability, 50% reduction of earning capacity in usual occupation. Total of 60 months coverage and 36 months of contribution out of last 5 years.

**Survivor pension:** Deceased had 60 months of coverage or was pensioner at death.

## Old-Age Benefits

**Old-age pension:** The total of earnings points multiplied by the pension factor and by the pension value, where:

- 1 earnings points are the individual's annual earnings divided by the average earnings of all contributors. Periods of incapacity to work, unemployment and schooling after age 17 are also taken into account.
- 2 the pension factor is one, and
- 3 pension value is the monthly benefit amount for one year's average covered earnings, adjusted for changes in wages. From July 1, 1998 to June 30, 1999: DM 47.65 (E-DM 40.87).

For delayed retirement after age 65, an added factor of 1.0 plus .005 for each month is used to increase the benefit.

Pension for low income earners: For people with 35 years of insurance, earning points are adjusted, if need be, up to 1.5 times the average value, up to a maximum of 75% of average earnings of all insured.

Adjustment: Benefits adjusted annually for changes in the real value of pensions compared to changes in earnings.

### Permanent Disability Benefits

**Disability pension:** Pension factor for general disability, same as old-age benefits; for inability to perform previous employment, pension factor is 0.667. If disability occurs before age 60, the period up to age 55 is fully taken into account together with 1/3 of the period from age 55-60 up to a maximum of 20 months.

Adjustment: See old-age pension.

### Survivor Benefits

**Survivor pension:** Same as old-age pension. 100% of insured's pension payable for 3 months. Thereafter, 60% of pension if age 45, disabled, or caring for at least 1 child; otherwise 25%. Payable to widow or widower.

Orphans: Pension factor is 0.1 for orphan; 0.2 for full orphan.

Supplements depending on length of coverage.

Payable in full if net income less than limit; for higher income, 40% is offset against pension.

Adjustment: Benefits adjusted annually for changes in the real value of pensions compared to changes in earnings.

### Administrative Organization

Federal Ministry of Labor and Social Affairs, general supervision. Different organizations for wage earners, salaried employees and miners, benefit administration.

Sickness funds collect contributions for employees, others (self-employed, etc.) pay directly to the pension fund.

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## Sickness and Maternity

First law: 1883.

Current laws: 1924 (maternity benefits), 1988 (sickness insurance), 1994 (long-term care).

Type of program: Social insurance system.

### Coverage

All wage and salary earners earning up to DM 75,600 a year (E-DM 63,000) and pensioners and students. Special systems for miners, artists, public employees, and self-employed farmers.

**Long-term care:** All persons covered by the statutory sickness insurance scheme, persons covered in private sickness insurance and some special groups. Persons with private sickness insurance must buy equivalent private coverage for long-term care.

### Source of Funds

**Insured person:** On average, 6.9% of covered earnings, according to fund; no contribution if earnings less than DM 630 a month (E-DM 530). Pensioners contribute average 6.9% of pension.

**Employer:** On average, 6.9% of payroll, according to fund; 13.8% for employees earning less than DM 630 a month (E-DM 530).

**Government:** Subsidy for maternity benefits; benefits for unemployed and persons in authorized training; also subsidy for pensioned farmers' and students' health benefits. Pension system also contributes toward pensioners' medical coverage.

Maximum earnings for benefit and contribution purposes: DM 75,600 (E-DM 63,000) a year. (Adjusted annually to 75% of pension contributions ceiling.)

**Long-term care-Insured person:** In one state 1.7%, in the rest, 0.85% of earnings.

**Employer:** In one state 0%, in the rest 0.85% of earnings.

**Government:** Contributes for unemployed, farmers, and students receiving a training allowance.

Maximum earnings for contribution purposes (long-term care): DM 73,800 (E-DM 63,900) a year. (Adjusted annually to 75% of pension contributions ceiling.)

### Qualifying Conditions

**Cash sickness and medical benefits:** Membership in sickness fund.

**Cash maternity benefits:** 12 weeks of insurance, or continuous employment relationship from 10th to 4th month preceding confinement.

**Long-term care benefits:** Payable in 3 stages:

- 1 Substantial need for care with need for at least 1 daily procedure
- 2 Severe need for care with need for daily procedure 3 times per day.
- 3 Critical need for care with need for round-the-clock care.

In addition, all 3 stages must have need for home health care. In 1999, to be eligible, the insured must have at least 4 years' and from year 2000 at least 5 years' coverage in a long-term care fund.

### Sickness and Maternity Benefits

**Sickness benefit:** Employer pays full wage or salary for first 6 weeks. Thereafter, sickness funds pay 70% of gross earnings (up to a maximum of 90% net earnings) for up to 78 weeks in 3 years for the same illness.

**Maternity benefit:** 100% of female worker's net earnings payable 6 weeks before and 8 weeks after confinement.

Maximum rate: DM 25 per day.

Lump sum of DM 150 payable per birth if insured not eligible for maternity benefit.

**Long term care:** Carer's allowance payable in cases when the insured provide care themselves. Range from DM 400, 800 or 1,300 per month depending on the level of care required. Allowance can also be claimed in kind (see medical benefits, below).

### Workers' Medical Benefits

**Medical benefits:** Benefits provided to patients by doctors, hospitals, and druggists under contract with and paid by sickness fund. Includes comprehensive medical and dental care, preventive examinations and treatment, lab tests, maternity care with midwife or doctor, hospitalization, surgery, appliances, and prescribed medicines. Co-payment required for medicines, appliances, hospitalization, and transportation. Not required for particularly disadvantaged cases.

**Long term care: Home care benefits:** Includes various aids and services, appliances and technical assistance (such as home modification), day or night care (including services partially provided by a health care establishment), short term institutional health care. Amounts fixed for the different services.

**Institutional care benefits:** Covers costs up to maximum amounts. Insured pay for room and service costs.

### Dependents' Medical Benefits

**Medical benefits for dependents:** Same as for insured.

Long-term care for dependents: Same as for insured.

### Administrative Organization

Federal Ministry of Health, general supervision.

Federal Insurance Institute, supervision of federal health insurance.

Supervision at State level by designated State authorities.

Sickness funds: Administration of contributions and benefits. Funds managed by elected representatives of insured persons and employers, and joined into federations at the State and national level. Regional physicians' associations contract with funds on payment for medical services. Total sum paid by sickness funds to physicians' associations is apportioned to participating doctors on fee-for-service basis.

Long-term care: Federal Ministry of Labor and Social Affairs, general supervision.

Separate funds for long term care organized by sickness funds and private sickness insurance funds, administration of benefits.

### Work Injury

First laws: 1884 (work accidents) and 1925 (occupational diseases).

Current law: 1996.

Type of program: Social insurance system.

### Coverage

Employed persons, some categories of self-employed, apprentices, students, children in kindergarten, and family helpers in agriculture. Special system for public employees.

### Source of Funds

**Insured person:** None.

**Employer:** Contributions varying according to risk. Average contribution, 1.4% of payroll.

**Government:** Subsidy to agricultural accident insurance fund and for coverage of students and children in kindergarten.  
Maximum earnings for benefit purposes: Variable; maximum, DM 144,000 a year.

### Qualifying Conditions

**Work-injury benefits:** No minimum qualifying period.

### Temporary Disability Benefits

**Temporary disability benefit:** Same as for ordinary sickness, including payment by employer for first 6 weeks. Thereafter, payment is assumed by the accident insurance fund. Payable from day after injury to recovery or beginning of pension payment.

### Permanent Disability Benefits

**Permanent disability pension:** 66 2/3% of latest year's earnings, if totally disabled.

Supplement for severely disabled (earnings capacity loss of 50% or more) with no other pension: 10% of basic pension.

Constant attendance supplement: DM 538 to DM 2,152 a month. (E-DM 456 to E-DM 1,824).

Partial disability: Percent of full pension corresponding to earnings capacity loss if 20% or more.

### Workers' Medical Benefits

**Medical benefits:** Comprehensive medical care; medical, occupational and social rehabilitation; and appliances. Provided exclusively by accident funds. Agricultural accident insurance covers assistance for farming operations and home help.

### Survivor Benefits

**Survivor pension:** 40% of earnings of insured if age 45, disabled, or caring for a child; otherwise 30% of earnings. Payable from beginning of 4<sup>th</sup> calendar month after death. During first 3 calendar months, 66 2/3 % of earnings. Payable to widow or widower. Income over a certain limit offset against benefits.

Orphans: 20% of earnings for each orphan under age 18 (25 if student or disabled), or 30% if full orphan. Earnings over a certain limit are offset against beneficiaries over age 18.

Parents and grandparents (if needy): 20% of earnings of insured if single beneficiary, 30% if couple.

Maximum survivor pensions: 80% of earnings of the insured.

Death grant: DM 7,560.

### Administrative Organization

Federal Ministry of Labor and Social Affairs, supervision of accident prevention and primary care.

Federal Insurance Institute or relevant State authorities, supervision of other areas.

Accident insurance funds (non-agricultural, agricultural, public authorities), scheme administration. Bipartite management by elected representatives of employers and the insured. Special accident insurance carriers for public employees.

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## Unemployment

First law: 1927.

Current law: 1998.

Type of program: Compulsory insurance system.

### Coverage

Employed persons, including homeworkers, apprentices and trainees; also includes other groups (including participants in occupational training schemes). Exclusions: Negligible employment.

### Source of Funds

**Insured person:** 3.25% of covered earnings .

**Employer:** 3.25% of covered earnings.

**Government:** Subsidies under employment promotion law and for any deficit; also cost of unemployment assistance.

Maximum earnings for contribution and benefit purposes:

DM 102,000 a year (E-DM 86,400).

### Qualifying Conditions

**Unemployment benefit:** Registered at employment office, capable of and available for work. 360 days of insured employment in last 3 years (180 days for seasonal workers).

Unemployment assistance: Based on need, available for workers with 150 days employment in last year or who have exhausted their statutory unemployment benefits.

In certain cases, the right to unemployment benefit can be suspended (for up to 12 weeks).

### Unemployment Benefits

**Unemployment benefit:** 67% of net earnings for unemployed with children (60% if no children). Payable from 1st day for 180 to 960 calendar days according to duration of insured employment and age. Unemployment assistance (means-tested): 57% (53% if no child) of net earnings. Duration: 360 calendar days; no limit on duration if payable after exhaustion of unemployment benefits.

Short-time work benefit: Paid to workers who are unemployed for short periods, in particular due to economic reasons.

Bad weather allowance: Paid to construction workers where work is halted due to bad weather; payable after 51st hour of stoppage between November 1 and March 31 of any year.

Cost of living allowance: Paid to participants in occupational training, retraining and rehabilitation.

### Administrative Organization

Federal Ministry of Labor and Social Affairs, general supervision.

Local employment offices, placement, career guidance and administration of benefits.

Sickness funds collect contributions.

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## Family Allowances

First law: 1954.

Current law: 1996.

Type of program: Universal system.

### Coverage

Residents who are subject to income tax with 1 or more children.

### Source of Funds

**Insured person:** None.

**Employer:** None.

**Government:** Whole cost.

#### **Qualifying Conditions**

**Family allowances:** Child must be under age 18 (under age 21 if unemployed, 27 if student or trainee or if no training place available, no limit if disabled).

For children above 18 years of age, the amount of the childrens' allowance is dependent on their income.

#### **Family Allowance Benefits**

**Family allowances:** DM 250 a month for 1st and 2nd child, DM 300 for the 3rd child and DM 350 for each subsequent child. (Lower rates may be paid if children reside in countries where cost of living is lower.)

In the event child supplements from the statutory work accident or pension programs are paid, a benefit under family allowances is payable only if the family allowances are higher, and then only for the difference.

#### **Administrative Organization**

Federal Finance Office, administration of benefits through the Federal Institute for Labor (through regional and local labor offices) under the title Family Fund.

Separate administration of schemes for public employees.